

FROST INSIGHTS

Pay rises, promotions, performance reviews and management

In Business As in Life – You Don't Get What You Deserve, You Get What You Negotiate.'

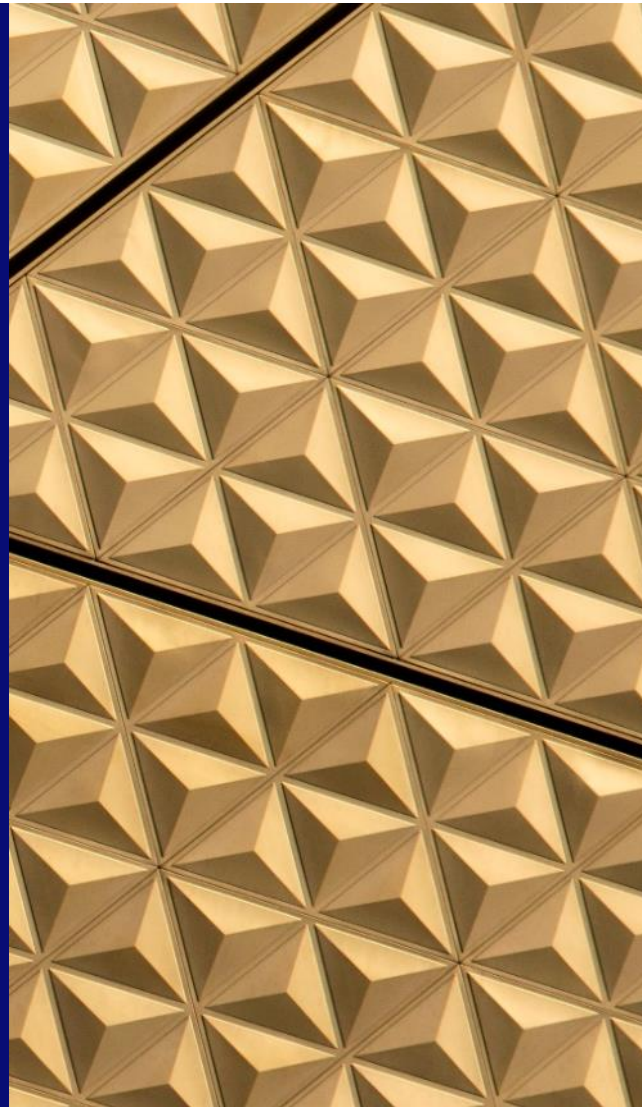
- Chester L. Karrass

What's in this Insight

- Pay rises
- Promotions
- Performance reviews
- Performance management
- Personal reflections
- Key Takeaways

The quote above is the title of Chester Karrass's well-regarded book¹ on negotiation, originally published in 1996 and now updated. Do you agree with this saying? In my experience and world view, sometimes you do in fact get what you deserve (for better or worse) in the workplace and in life generally without having to negotiate, but on other occasions having the ability to negotiate is an important skill. In your private life, it helps to be able to negotiate well in many circumstances including when buying and selling real estate, motor vehicles, and other big-ticket items, and of course in navigating relationships.

Sometimes professionals will receive pay rises and promotions which they deserve without any negotiation being necessary, and sometimes haggling will definitely be required.



Pay rises

If you think that you are being underpaid and deserve a pay rise, the starting position is the same as with interviews and salary negotiations which are addressed in another Frost Insight: *Starting and Changing Jobs*. In particular, you really need to do your homework and have an evidence-based case as to why you are entitled to a pay increase.

Your best case for a pay bump is if you are being paid less than colleagues at your workplace with equivalent experience, skills, and expertise. At least for

employment contracts entered into in Australia from 7 December 2022², employees now have the right to share (or not share) information about their pay and employment terms and conditions. And employers cannot penalise employees for doing so. Do you really want to know what your colleagues are earning and to tell them how much you are making? There is no right or wrong answer to this question. Just be aware that once you know a colleague's pay, you cannot unknow it. How will such disclosures affect your workplace relationships and what exactly will you do with the information?

Some people have inflated views of their real worth and value-add to their organisations. On the other hand, some people underestimate their contributions. Just because a colleague has the same number of years of experience as you, and perhaps the same number of billable hours as you, if you work in such an environment, doesn't mean that the two of you are necessarily delivering the same value to your employer and that you should earn the same amounts.

Perhaps he or she should, objectively, be paid more or less than you for all manner of reasons. Of course, objectivity may be hard to come by, if you are feeling all riled up about your perceived underpayment. Try and get some perspective by talking to people other than your colleagues, and recruiters. A good recruiter may be a valuable source of knowledge on your market worth, but remember that in many

¹. Karrass, CL. (2013) *In Business As In Life - You Don't Get What You Deserve, You Get What You Negotiate*, 2nd edition, Stanford Street Press.

². The position for employment contracts entered into before this date is more complicated. See the Pay Secrecy page on the Fair Work Ombudsman's website: <https://www.fairwork.gov.au/pay-and-wages/pay-secrecy#:~:text=Related%20information-Sharing%20pay%20and%20workplace%20conditions%20information,as%20their%20hours%20of%20work>.

cases you may be offered a premium to jump ship to a competitor which your current employer may or may not be able, or wish, to match.

If, having done your homework, you are convinced, as objectively as possible, that you are underpaid, then seek a sensible, grown-up conversation with your current employer. The title of Carol Hagh's Harvard Business Review article says it all: *Don't Ask for a Raise — Negotiate It*.³ Hagh suggests a useful four step process for such negotiations:

1. Understand the other party in the negotiation: that is, your immediate boss, people higher up the organisational ladder and the organisation as a whole. Get a sense of their priorities by paying attention to any announcements your organisation makes about business objectives. Ask your manager how your work contributes to those goals. Take note of the work you do that specifically supports the priorities you identify with.

2. Set your manager's expectations early and often: bring up the topic gradually during one-on-one meetings with your boss and gauge their reaction. If the reaction is positive, seek to initiate a more serious discussion. If the reaction is negative, this is a sign to ask for feedback on your progress or performance.

3. Prepare what you want and what you will offer: take a holistic view on pay, other benefits, promotions, and other status markers. Some things will be more achievable than others. What are you offering in return? Your employer probably wants to invest in people who are loyal, enthusiastic, and dedicated to contributing to the success of the organisation. They do not want to reward disgruntled employees who are looking for another job or bringing down the morale of their team.

4. Manage the negotiation: final preparations are important. If you are nervous, have a glass of water and do some slow, deep breathing just beforehand. Say how

³. Hagh, C. (2021) Don't Ask for a Pay Rise – Negotiate It, *Harvard Business Review*: <https://hbr.org/2021/12/dont-ask-for-a-raise-negotiate-it#>.

committed you are to growing your career within this organisation. Mention a few things to highlight specific areas where you've made a big contribution. Then state what you want, being as brief and clear as possible. A long explanation might sound defensive or argumentative.

Try and be as calm and respectful during your negotiations as possible. If you are unsuccessful and would like to keep working at your current job it is best to burn as few bridges as possible.

Promotions

A lot of the above discussion on pay rises also applies when seeking promotions. Just because employees at your organisation seem to generally make associate, senior associate, manager, or senior manager etc after a given number of years doesn't mean that the 'rule' applies to you. Most organisations have flexibility and people seen as stars can sometimes move through the ranks more quickly, while others will be 'held back' if they are not progressing in a suitable fashion.

If you think you are special (in a good way) and deserve promotion ahead of your peers, what is the objective evidence for your belief? If your organisation has produced written guidelines as to what is required of employees at different levels, then study them closely. Have you met the promotion hurdles?

It is good to be a star, or a star in the making. It is not so great to be brash, arrogant, or overly demanding. Humility is one of the indicators of a true professional. As with pay rises, having regular (but not too regular) discussions with your boss is a good idea to gain insights on how you are progressing and to make sure your employer knows of your expectations.

If you are progressing more slowly than your peers, or you sense that this situation is likely, then you need to have a clear idea why this is happening. Again, discussions with your boss are vital. You will want to get the truth, which may take a few attempts, because not all managers are skilled in delivering uncomfortable feedback. Ask for specifics of what you need to do and how you need to improve. Seek reasonable support from your boss as appropriate. Do you need extra training, coaching, or the opportunity to do different types of assignments, on different clients and with a wider range of more senior professionals? Establish a timeframe and process for you to remedy the agreed shortcomings. Most importantly, actually do what you say you will do.

If you sense that you may receive bad news on your quest for a promotion, take some time to think in advance what messages you may receive, and how you can skillfully counter them. But also take time for some reflection. Perhaps your boss is right – maybe it is too early for you to be promoted. It may in fact be in your best interest to not move up the pecking order at this stage of your career.

Leaders who have been well trained may give you messages like those executive coach and author Luis Velasquez extolls in his aptly titled article, *How to Tell an Employee They're Not Ready for a Promotion*.⁴ His advice, and others like it, urge employers to approach awkward promotion discussions with empathy, support, and a focus on the future. You need to play your employer at their own game. First up, read this article or ones like it. Having done so, try and put yourself in your boss's boots. Then ask yourself, do you *really* deserve the promotion you so desperately seek, at this time? If your answer is an unequivocal 'yes', then steel yourself to respond, in a courteous fashion, to the Jedi mind tricks that your employer may deploy to keep you at least vaguely contented in an unpromoted state.

⁴. Velasquez, L. (2023) How to Tell an Employee They're Not Ready for a Promotion, *Harvard Business Review*: <https://hbr.org/2023/12/how-to-tell-an-employee-theyre-not-ready-for-a-promotion>.

As you become more senior, the requirements for what it takes to be promoted to the next level in your organisation are likely to change. For example, in a professional service firm, in your early years it may be all about technical competence, reliability including attention to detail, and a reasonable level of people skills. As you become more senior you may be expected to exhibit good project, client management and negotiation skills, as well as displaying business development nous. Make sure you know what is expected of you at each level. In many professional service firms, there may be a limit on how far you will progress if you lack certain skills and capabilities.

Maybe you perceive your lack of progress is due to some unconscious or even conscious bias on the part of your manager, given your gender, race, age, sexual orientation, or some other factor. Sadly, such situations do arise. By all means lodge a complaint through whatever means your organisation provides in such cases. However, be pretty sure about your facts, point of view and ideally have some evidence, as unfortunately such complaints do not always end well for the complainant.

Performance reviews

Does reading those two words, 'performance reviews', cause a knot in your stomach? If so, you are not alone. Australian based company Culture Amp quotes research which found that from the perspective of employees, “... *according to benchmarks, performance management systems are, on average, more despised than cable companies, internet service providers, and health insurance plans*⁵”, but maybe not as much as politicians, banks, or Qantas. Gallup research finds that, in many organizations, traditional performance reviews may do more harm than good,

⁵. Culture Amp, *The 4 fundamentals of successful performance management*: <https://cdn.pathfactory.com/assets/preprocessed/10513/c29c1cf3-7ad2-482d-aa91-ddb477037b16/c29c1cf3-7ad2-482d-aa91-ddb477037b16.pdf>.

and that only 14% of employees strongly agree their performance reviews inspire them to improve.⁶

In recent years, there has been a huge debate internationally as to whether employee performance reviews are a good idea, and if so, how often they should be held and the best means to conduct them. It is beyond the scope of this article to wade into this murky area, other than to quote a key conclusion from recent (post COVID-19) and extensive research done jointly by the Australian Human Resource Institute and the University of Sydney Business School, on performance management practices in Australian organisations: “*Except for **ongoing feedback**, no practice – traditional or new – was rated as being particularly effective in improving employee performance*”.⁷ Bullseye. Hopefully you are getting lots of good quality ‘ongoing feedback’ from more senior professionals in your organisation.

If you are the subject of formal, periodic performance reviews, they don’t necessarily have to be as bad as going to the dentist. Here are some tips.

1. Get in the right frame of mind: preparation is key. You may not have much control over when the session will be held, but do your best to have it held on a day and at a time that works for you. Try and block out twenty or thirty minutes before the appraisal meeting to get in a good head space, do some breathing and if they work for you – some mindfulness or mediation practices. The last thing you want to do is to rush from a stressful client meeting straight into a performance review. It would be better for you and your boss to reschedule the session in such circumstances.

⁶. Gallup and Workhuman. (2023) *Empowering Workplace Culture Through Recognition*: <https://www.gallup.com/analytics/472658/workplace-recognition-research.aspx>.

⁷. Kim, S, Shields, J and Chheti, A. (2021) *Performance Management in Australian Organisations: Current Practices and Future Plans, A Report on the State of Play*, a joint study by AHRI and the University of Sydney Business School: <https://www.ahri.com.au/wp-content/uploads/performance-mgmt-report-2021-unisyd.pdf>.

2. Minimise adverse surprises: seems pretty obvious right? The more often you can have 'ongoing feedback' sessions with the people you report to, the less likely that you will receive unexpected messages in formal reviews.

3. Don't let your job goals, objectives and KPIs gather dust: guess what, during your review, your manager is likely to pull out a piece of paper which says what you should have been doing since your last review. Hopefully you have been actioning those goals, objectives and KPIs in the interim. Also, come prepared to discuss and negotiate your goals etc for the period ahead.

4. Come armed with evidence: assume your boss will probably have data that he or she really cares about, such as your billable hours or other measures of your productivity. Keep a brief written record of your other achievements during the review period and present it to your manager, possibly ahead of the review meeting. If you have received praise from people in your organisation or clients, humility should not prevent you from making sure that your boss is aware of the feedback.

5. Get good at receiving feedback: having an open, non-defensive mindset when receiving feedback is critical. Also, thank your boss as sincerely as you can for any feedback you have received.

6. Ask for specific assistance if needed: unfortunately, senior professionals in some organisations see their role, when providing performance feedback to more junior professionals, as one way traffic, especially when it comes to things that need improvement. That is, the person being reviewed is told that they are not up to scratch in one or more areas and then instructed to go off and 'improve' somehow. Hopefully you don't work in such an environment. If you do, think about and ask for any help you think that your employer could and should reasonably provide. Perhaps more coaching, mentoring or training. And as discussed above with promotions, maybe you would benefit from working on different types of assignments or clients and with a greater variety of more senior professionals in your organisation.

7. Keep a balanced, written record of proceedings: most organisations typically say that key things discussed in performance review meetings, especially

action items, need to be documented and filed in appropriate places. In theory, the onus may be on your boss or someone from the human resources department to make this happen, hopefully with your review and input. In practice, people are busy, and this may not always happen. Make sure that the paperwork gets completed. You want a clear record of the outcomes, especially if you received unsettling news and commitments were made by you and the organisation as to what is meant to happen next.

8. Face-to-face really is best: it is very tempting in a post-COVID-19 work from anywhere world, for some bosses to try and conduct performance reviews online. This is generally not a good idea, even if nothing of a contentious nature is to be discussed. Review meetings are a vital part of the development of the relationship between you and your boss and nothing is better for relationship building than being in the same room with someone else.

Performance management

Organisations have all sorts of euphemisms for their underperforming employees and the programs and processes they inflict upon them. If your performance is subpar, you might be subject to a 'performance management program' or a 'performance improvement plan' or something else with a similar, anodyne name.

Here is probably the most self-evident thing in this article: you do not want to be a part of such a program, unless perhaps you are the one instructing others on their shortcomings and exhorting them to improve.

The objective of these programs varies between organisations. In some workplaces, such a program will be a genuine, well-resourced attempt to help underperforming employees to understand and address areas of weaknesses. In other, more cynical organisations, little constructive help will be offered, and they are

hoping that you will simply resign and save them the costs and hassles of either firing you or making you redundant.

If you find yourself in the unhappy position of being 'performance managed' in some way, hopefully this is not a complete surprise. Best practice is that you should have received some appropriate feedback on your suboptimal performance, before being placed in a formal state of performance management.⁸ Do at least two things as soon as possible. First, take some time to reflect, as objectively as you can, on how this situation has arisen. Speak to internal or external mentors and confidantes. Try and avoid jumping to the conclusion that your employer is treating you unfairly. Hopefully the reason(s) you are being performance managed have been made crystal clear to you by your employer. If not, find out why. As with the earlier discussion on delayed promotions, you want the unvarnished truth, which may not always be immediately forthcoming. Secondly, figure out whether performance management in your organisation is in fact a genuine attempt at rehabilitation or a departure lounge. A few discreet inquiries with current or former employees should hopefully sort this issue out pretty quickly.

If you sense that your employer has more or less given up on you and is hoping that you will quit, then find a new job as soon as you can, and certainly before they sack you or make you redundant, unless you really want a payout. Your bargaining and negotiating position with a potential new organisation will always be much stronger if you are currently employed somewhere else. Prospective employers are often suspicious of 'gaps' in a CV.

On the other hand, perhaps you feel that your employer is performance managing you with good intentions and is hoping that you can re-join the ranks of low maintenance employees. In this situation you need to decide whether you want to stay and whether you can lift your performance to the required standard, or

⁸. Fair Work Ombudsman, *Managing performance & warnings*:
<https://www.fairwork.gov.au/employment-conditions/performance-in-the-workplace>.

whether you should cut your losses and work somewhere else. Here, you probably have a bit more time up your sleeve as compared to being in a more cynical workplace. That is, your employer will hopefully give you a reasonable period to remediate whatever needs attention before abandoning all hope and showing you the exit door.

If you think your employer genuinely wants to help you, and you assess that you can lift your performance, then the discussion above on how to handle performance reviews is now even more important. In particular, and once you have clarity on exactly where you need to lift your game, then ask for specific assistance if and as required. It is important to have a documented action plan with reasonable deadlines for specified performance improvements.

Unfortunately, but understandably, it seems to be commonplace for employees to lose some self-confidence and self-esteem, and to have all manner of usually negative thoughts and emotions when they are subjected to performance management. Such thoughts and emotions often include anger, betrayal, bitterness, denial, disbelief, embarrassment, frustration, grudge-holding, hate, insecurity, sadness, vengefulness, and vulnerability, to name just a few. To have any hope of getting your performance and self-confidence back in shape, you need to find a way to deal with these thoughts and feelings if you are having them. Try not to beat yourself up. Look for help from your family, friends, mentors, and coaches. Discuss your thoughts and emotions with them and seek their wise counsel.

For some people, being placed in performance management may initiate or exacerbate mental health problems such as anxiety and depression. Don't stick your head in the sand. Know the warning signs for mental health issues⁹ and seek early and expert assistance from a qualified mental health practitioner as needed.

Personal reflections

As an employee in my first career, I was fortunate enough to receive promotions and generous pay rises with no negotiations being necessary. So, in my case at least, the quote at the start of this article did not apply. My most spectacular pay rise in percentage terms was when I was promoted to manager at Price Waterhouse in January 1988, after just three years in the workforce. My salary jumped in one hit from \$38,000 p.a. to \$63,000 p.a. – an increase of 65%. I had been hoping for a pay rise of maybe \$10,000 or perhaps \$15,000 if I was really lucky, and certainly not \$25,000.

When I eventually became part of firm management at both PwC and later Greenwoods, I spent much time with my fellow partners and directors carefully considering when to promote staff and what pay rises to give them. Unsurprisingly, not every staff member was always as happy with their outcomes as I had been when I was an employee. As an employer, it was intriguing to watch how employees went about asking for pay rises or promotions which they felt entitled to, and which had not been delivered to them when they were expected. Most of the time, most of

⁹. Beyond Blue has a range of excellent resources on its website to help you get your head around potential mental health issues: <https://www.beyondblue.org.au>.

them did not do the type of preparation suggested in this article. Unsurprisingly, those who did make the effort tended to get better results.

As an employee, I have no bad memories of performance reviews. As an employer, I conducted countless performance reviews over the years. Many of these were hard work and I always tried to prepare as best as I could. It took me a long time to feel even remotely comfortable sitting in the reviewer's chair. I like to think that I got better at the task as time went by, but I am sure some of my former colleagues reading these words would beg to differ. Looking back, and not that it is any excuse, I didn't receive much useful training in how to conduct effective performance review sessions, and certainly not on how to receive feedback in the most effective manner. The excellent book *Thanks for the Feedback: The Science and Art of Receiving Feedback Well* was published in 2014 and I only became aware of its existence relatively recently. I wish it had been available early in my first career. Hopefully I would have had the wit to study it closely and apply its sage advice when both receiving and providing feedback. My assessment is that organisations still typically do not devote enough time and attention to helping reviewers and reviewees to get the most out of feedback generally and performance review sessions in particular.

I was never performance managed, but I did have to performance manage others on a few occasions, with decidedly mixed results. Where things didn't work out well, my overwhelming memory is with the level of defensiveness and unwillingness of the employees to take personal responsibility, to acknowledge clear shortcomings, and to commit to a reasonable plan of remediation. Those memories inspired some of the recommendations in this article.

Key Takeaways

- **Negotiation:** is a very important skill which many professionals will develop and deploy in the interests of their clients. It is also a skill that you can use to benefit yourself, especially when it comes to pay rises and promotions.
- **Pay rises:** do your homework and have an evidence-based case as to why you are entitled to a pay increase. Try and get some objectivity and perspective by talking to people other than your colleagues, and recruiters. Then:
 - Understand the other party in the negotiation.
 - Set your manager's expectations early and often.
 - Prepare what you want and what you will offer.
 - Manage the negotiation.
- **Promotions:** most organisations have flexibility and people seen as stars can sometimes move through the ranks quickly, while others will be 'held back' if they are not progressing in a suitable fashion. If you think you are special (in a good way) and deserve promotion ahead of your peers, what is the objective evidence for your belief?
- If you are progressing more slowly than your peers, you need to have a clear idea why this is happening. Discussions with your boss are vital. You will want to get the truth, which may take a few attempts, because not all managers are skilled in delivering uncomfortable feedback. Ask for specifics of what you need to do and how you need to improve. Seek reasonable support from your boss as appropriate.
- If you sense that you may receive bad news on your quest for a promotion, take some time to think in advance what messages you may receive, and how you can skilfully counter them. But also take time for some reflection. Perhaps your boss is right – maybe it is too early for you to be promoted. It may in fact be in your best interest to not move up the pecking order at this stage of your career.

- If you wish to persist on your promotion pursuit, be attuned to the fact that leaders who have been well trained in approaching awkward promotion discussions may seek to shower you with empathy, support, and seek to focus on a collaborative future, blah, blah, blah. You need to be prepared to play your employer at their own game.
- **Performance reviews:** hopefully you are getting lots of good quality ongoing feedback from more senior professionals in your organisation. If you are also the subject of formal, periodic performance reviews, here are some tips:
 - Get in the right frame of mind – preparation is key.
 - Minimise adverse surprises – regular, ongoing feedback should help.
 - Don't let your job goals, objectives and KPIs gather dust.
 - Come armed with evidence.
 - Get good at receiving feedback.
 - Ask for specific assistance if needed.
 - Keep a balanced, written record of proceedings.
 - Face-to-face really is best.
- **Performance management:** if you find yourself in this uncomfortable situation, do at least two things as soon as possible:
 - First, reflect as objectively as you can, on how this situation has arisen. Hopefully the reason(s) you are being performance managed have been made clear to you by your employer. If not, find out why.
 - Secondly, figure out whether performance management in your organisation is in fact a genuine attempt at rehabilitation or a departure lounge.
- If you sense that your employer has given up on you and is hoping that you will quit, then find a new job as soon as you can, and certainly before they sack you or make you redundant, unless you really want a payout.

- If you think your employer genuinely wants to help you, and you assess that you can lift your performance, then seek clarity on exactly where you need to lift your game. Ask for specific assistance if and as required. It is important to have a documented action plan with reasonable deadlines for specified performance improvements.
- For some people, being placed in performance management may initiate or exacerbate mental health problems such as anxiety and depression. Don't stick your head in the sand. Know the warning signs for mental health issues and seek early and expert assistance from a qualified mental health practitioner as needed.

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